

DULUTH JPE TRUST
BOARD OF TRUSTEES MEETING MINUTES
Wednesday, June 8, 2011

Board Members Present: Rick Ball, David Montgomery, Dan Russell, Brian Ryks

Board Members Absent: None

Others Present: Barb Akervik, Paul Borrell, Ann Clancey, Amy Diedrich, Cookie Gilmore, Kim Hall, Steve Hanke, Adele Hartwick, Tim Howard, Terry Johnson, Caty Kaups, Tom Maida, Annette Nemec, Wayne Parson, Marlene VanPuymbrouck

Chair Montgomery called the meeting to order at 10:30 a.m.

New Business

- Chair Montgomery welcomed the Board of Trustees and provided an overview of the Trustee's role.

- **Election of Officers**
 - Chair - position is vested to the City, therefore Montgomery holds this seat.
 - Treasurer – Dan Russell nominated to this position; motion by Ball & second by Ryks. Resolution **JPE-0611-01** passed unanimously.
 - Secretary – Rick Ball nominated; motion by Ryks, second by Russell. Resolution **JPE-0611-02** passed unanimously.
 - Resolution **JPE-0611-03** to amend by-laws to add three positions: Assistant Treasurer, Assistant Secretary & Vice-Chair; motion by Ryks, second by Russell; passed unanimously.
 - Assistant Treasurer – David Montgomery nominated; motion by Russell, second by Ryks. Resolution **JPE-0611-04** passed unanimously.
 - Assistant Secretary – Dan Russell nominated; motion by Montgomery, second by Ryks. Resolution **JPE-0611-05** passed unanimously.
 - Vice Chair – Brian Ryks nominated; motion by Russell, second by Ball. Resolution **JPE-0611-06** passed unanimously.

- **Meeting Dates**

It was decided that meetings will be held the second Wednesday in the months of January, March, April, June, July, September and October at 10:30 a.m. Meeting locations will rotate, with the exception of September and October which will be held at City Hall.

- **CBIZ**

Amy Diedrich of CBIZ provided an overview of her company and the services it offers. In addition, she explained her role and reviewed current health and dental coverages.

There was discussion regarding Blue Cross/Blue Shield run-off of 2010 claims. Amy will look into how we should extend the contract with BC/BS to handle claims that are processed beyond June 30, 2011, the expiration date of the current run-off agreement.

CBIZ performs a compliance review to help ensure the Plan is following new rules and regulations. Final regulations for the Health Care Act adopted in 2010 are not available. It is believed that unless they are effective January 1, 2012, regulations will not be issued until after November elections.

▪ **Service Agreements**

- Chair Montgomery called for a motion to approve resolution **JPE-0611-07** to open a trust account and a checking account at North Shore Bank of Commerce. Motion made by Ryks, seconded by Ball. Adele Hartwick explained how the process will work and how the trust assets are separated from the bank's in case of bank failure. **Vote:** Motion passed unanimously.
- Chair Montgomery called for a motion to approve resolution **JPE-0611-08** to adopt the Duluth JPE Trust Investment Policy. Motion made by Russell, seconded by Ball. Hartwick explained that the policy indicates safety of principle as its primary goal. **Vote:** Motion passed unanimously.
- Chair Montgomery called for a motion to approve resolution **JPE-0611-09** to transfer the fund balance as of close of day June 30, 2011, to the North Shore Bank of Commerce Trust account. Transfer will be made July 1, 2011. Motion made by Ryks, seconded by Russell. There was no discussion. **Vote:** Motion passed unanimously.
- Chair Montgomery called for a motion to approve resolution **JPE-0611-10** to purchase a fiduciary liability policy from Travelers through Liscomb, Hood & Mason. The policy limit is \$1,500,000 with a deductible of \$25,000, annual premium in the amount of \$2,474.00. Coverage will be bound effective May 31, 2011. Motion made by Russell, seconded by Ball. There was no discussion. **Vote:** Motion passed unanimously.
- Chair Montgomery called for a motion to approve resolution **JPE-0611-11** to purchase a Fidelity Bond with coverage in the amount of \$300,000 and a \$2,500 deductible from Travelers through Liscomb, Hood, Mason. The three-year prepaid policy has a premium of \$860.00. Motion made by Russell, seconded by Ryks. There was no discussion. **Vote:** Motion passed unanimously.
- Chair Montgomery called for a motion to approve resolution **JPE-0611-12** to accept assignment from the City of provider contracts which include HealthPartners, Delta Dental, CBIZ, ClearScript, a division of Fairview

Pharmacy Services LLC, and National Pharmaceutical Services. Motion was made by Russell, seconded by Ball. There was discussion with Assistant City Attorney Hanke regarding the assignment process. He also introduced one new contract (Fairview) and an additional page from the Delta Dental contract. Next meeting Hanke is to present a contract chart showing vendors, overview of terms, effective dates, etc. **Vote:** Motion passed unanimously.

- **2011 Budget**

- Chair Montgomery requested a motion to approve resolution **JPE-0611-13** to adopt the 2011 dental insurance budget. Motion made by Russell, seconded by Ryks. There was no discussion. **Vote:** Motion passed unanimously.
- Chair Montgomery requested a motion to approve resolution **JPE-0611-14** to adopt the 2011 health insurance budget. Motion made by Russell, seconded by Ryks. There was no discussion. **Vote:** Motion passed unanimously.

Treasurer's Report

- Financial Report

City Auditor, Wayne Parson, presented May insurance fund financials.

- Dental claims YTD increased \$993.66, or .37% over the same period last year.
 - Year-to-date, the dental insurance income statement shows a profit of \$65,071.96 for the first five months. The full year was budgeted to lose \$10,600.
 - End of year 2010 Dental Insurance Fund Balance was \$307,435. This is equivalent to 6.02 months of claims when assuming an average month's claims of \$14,000.
 - Medical claims increased \$479,679.94, or 9.9% over the same period last year; while drug claims increased \$81,312.61, or 4.87%.
 - Year-to date, 36.5% of the full year's medical claims budget has been spent, versus the projected amount of 41.7%.
 - Year-to date, 41.2% of the full year's drug claims budget has been spent, versus the projected amount of 41.7%.
 - Year-to-date, the health insurance income statement shows a loss of \$445,784.38 for the first five months. The full year was budgeted to lose \$3,145,353.
 - End of year 2010 Health Insurance Fund Balance was \$7,656,073. This is equivalent to 5.28 months of claims when assuming an average month's claims of \$1,171,316.
- A request was made to have financial reports sent to Board members monthly. Also, the number of participants should be added to the reports.

Other Business

- Open meetings
 - Chair Montgomery asked for a motion to adopt resolution **JPE-0611-15** to operate the trust as if it were subject to open meeting laws. Motion by Ball, seconded by Ryks. There was discussion on the need for transparency and the desire to operate the Trust in an environment that allows employees of the participating entities to be aware of decisions and status of the Trust's assets. It was requested that Chair Montgomery's office send out notices, etc., in accordance with open meeting law rules.
Vote: Motion passed unanimously.

- It was requested that Kim Hall and Wayne Parson present to the Board an explanation of what services the City provides and fees received for said work.

- Research should be done on when/how to hire an auditor for the plan; what IRS forms must be filed and what reports must be made to the DOC.

- There was discussion regarding allowing time at meetings for comments from non-board members. No action was taken.

Next meeting: Wednesday, July 20, 2011, at the DECC at 10:30 am.

The meeting adjourned at 12:18 p.m. (Ryks, Russell)

Minutes respectfully submitted by,
Adele Hartwick
CFO
City of Duluth